

[4310-MR-P]

DEPARTMENT OF THE INTERIOR

Minerals Management Service

Agency Information Collection Activities: Submitted for
Office of Management and Budget Review, Comment Request

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Notice of Information Collection Request

SUMMARY: To comply with the Paperwork Reduction Act (44 U.S.C. 3501 et seq.), we are notifying you that an information collection request (ICR) has been forwarded to the Office of Management and Budget (OMB) for review and approval. We are also soliciting your comments on the ICR describing the information collection, its expected costs and burdens, and how the data will be collected.

DATES: Written comments should be received on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit comments directly to the Office of Information and Regulatory Affairs, OMB, Attention: Desk Officer for the Interior Department (OMB Control Number 1010-0103), 725 17th Street, NW, Washington, D.C. 20503. You should also send copies of these comments to us. Our mailing address for written comments regarding this information collection is David S. Guzy, Chief, Rules and

Publications Staff, Minerals Management Service, Royalty Management Program, P.O. Box 25165, MS 3021, Denver, Colorado 80225. Courier or overnight delivery address is Building 85, Room A-613, Denver Federal Center, Denver, Colorado 80225. Email address is RMP.comments@mms.gov.

PUBLIC COMMENT PROCEDURE: Your comments and copies of your comments may be submitted to the addresses listed above. Please submit Internet comments as an ASCII file avoiding the use of special characters and any form of encryption. Please also include Attn: Safety Net Report, Form MMS-4411, OMB 1010-0103, and your name and return address in your Internet message. If you do not receive a confirmation from the system that we have received your Internet message, contact David S. Guzy directly at (303) 231-3432.

We will post public comments after the comment period closes on the Internet at <http://www.rmp.mms.gov>. You may arrange to view paper copies of the comments by contacting David S. Guzy, Chief, Rules and Publications Staff, telephone (303)231-3432, FAX (303)231-3385. Our practice is to make comments, including names and addresses of respondents, available for public review on the Internet and during regular business hours at our offices in Lakewood, Colorado. Individual respondents may request that we withhold their home address from the rulemaking record, which we will honor to the extent allowable by law. There

also may be circumstances in which we would withhold from the rulemaking record a respondent's identity, as allowable by law. If you wish us to withhold your name and/or address, you must state this prominently at the beginning of your comment. However, we will not consider anonymous comments. We will make all submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, available for public inspection in their entirety.

FOR FURTHER INFORMATION CONTACT: Dennis C. Jones, Rules and Publications Staff, phone (303) 231-3046, FAX (303) 231-3385, email Dennis.C.Jones@mms.gov.

SUPPLEMENTARY INFORMATION:

Title: Safety Net Report

OMB Control Number: 1010-0103

Abstract: The Secretary of the Interior is responsible for collecting royalties from leases producing minerals from leased Federal and Indian lands. The Secretary is required by various laws to manage the production of mineral resources on Indian lands and Federal onshore and offshore leases, to collect the royalties due, and to distribute the funds in accordance with those laws; we perform these royalty management functions for the Secretary.

On August 10, 1999, the Minerals Management Service (MMS) published in the Federal Register (64 FR 43506) the notice of a final rulemaking titled "Amendments to Gas Valuation Regulations for Indian Leases," with an effective date of January 1, 2000. In that Notice, MMS requires that lessees submit the Safety Net Report, Form MMS-4411, when gas production from an Indian lease is sold beyond the first index pricing point.

The Safety Net Report is part of MMS' final rulemaking amending its regulations governing the valuation, for royalty purposes, of natural gas produced from Indian leases. The gas regulations apply to all gas production from Indian (tribal or allotted) oil and gas leases (except leases on the Osage Indian Reservation). The new regulations resulted from a negotiated rulemaking between Indian Tribes and allottees, oil and gas industry, and government.

The safety net calculation establishes the minimum value, for royalty purposes, of natural gas produced from Indian leases. This reporting requirement will assist the Indian lessor in receiving all the royalties that are due and aid MMS in its compliance efforts. The rule requires the lessee to calculate the safety net price using prices received for

gas sold downstream of the first index pricing point. It will include only the lessee's or lessee's affiliate's arm's-length contracts and will not require detailed calculations for the costs of transportation. By June 30 following any calendar year, the rule requires the lessee to calculate for each month of the previous calendar year a safety net price. The rule requires the lessee to submit a separate Form MMS-4411 for each index zone where the lessee has an Indian lease. The safety net price will capture the significantly higher values for sales occurring beyond the first index pricing point. The lessee will submit its safety net prices to MMS annually (by June 30) using the Form MMS-4411.

The Safety Net Report will allow MMS and the tribes to ensure that Indian mineral lessors receive the maximum revenues from mineral resources on their land consistent with the Secretary's trust responsibility and lease terms. In the safety net calculation, the lessee will only include sales under those arm's-length contracts that establish a delivery point beyond the first index pricing point to which the gas flows. Moreover, those contracts must include any gas produced from or allocable to one or more of the lessee's Indian leases in the index zone. The MMS or Tribal auditors, Indian representatives, the Royalty Valuation

Division, and the Office of Indian Royalty Assistance, may use the information provided on the form.

The current OMB inventory of 37,400 hours is decreased to 10,500 hours. This adjusted decrease of 26,900 burden hours is the result of our originally overestimating the number of companies submitting Form MMS-4411 and overstating the number of index zones for which each company would have to submit this form.

Respondents/Affected Entities: Companies that pay royalties on gas produced from tribal and allotted Indian leases

Frequency of Response: Annually

Estimated Number of Respondents: 140 companies

Estimated Total Annual Reporting and Recordkeeping Burden:
10,500 hours

Comments: Section 3506(c)(2)(A) of the Paperwork Reduction Act requires each agency ". . . to provide notice . . . and otherwise consult with members of the public and affected agencies concerning each proposed collection of information" Agencies must specifically solicit comments to: (a) evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) enhance the

quality, usefulness, and clarity of the information to be collected; and (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

Send your comments directly to the offices listed under the **ADDRESSES** section of this notice. OMB has up to 60 days to approve or disapprove the information collection but may respond after 30 days. Therefore, to ensure maximum consideration, OMB should receive public comments by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

MMS Information Collection Clearance Officer: Jo Ann
Lauterbach, (202) 208-7744

Date

Lucy Querques Denett
Associate Director
for Royalty Management